

THE IMPACT OF POWER HIERARCHY ON FOSTERING INNOVATION AND  
CREATIVITY AMONG EMPLOYEES IN VIETNAM

A study based on East Asian Culture

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International Business  
Bachelor's Thesis  
Supervisor: Tamar Almor  
Date of approval: 9 April 2018

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ABSTRACT OF  
BACHELOR'S THESIS

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**Objectives:** The main objective of this thesis is, firstly, to study the impact of traditional Vietnamese cultural practices, which is heavily influenced by East Asian culture, on the presence of power hierarchy in the workplace in Vietnam. Secondly, the paper seeks to identify and gauge the effects of power hierarchy and bureaucracy in Vietnamese organizations. Lastly, this study aims to explore the relationship between hierarchy of power on the creativity level among employees.

**Summary:** This thesis relies on qualitative research method to attain its objectives mentioned above. Four in-depth interviews were conducted with top-level managers who are working in Vietnam. These interviews aim to evaluate the impact of cultural factors on the presence of power hierarchy in organizations. Also, the relationship between hierarchy of power and organizational creativity in Vietnam is examined based the participants' perspectives. Certain insights are generated from the interview result, which provides a comprehensive study of power hierarchy and employees' creativity in organizations from a cultural perspective. A discussion of the findings in this thesis and related arguments by previous scholars is also presented to more elaborately study how creativity is affected by organizational hierarchy.

**Conclusions:** The findings in this research imply that the hierarchy of power is greatly influenced by the national culture of the country that the organization operates. In addition, power hierarchy has strong impacts on employees' willingness to raise their voice, which eventually affects the development of organizational creativity. Generally, organizations in Vietnam adopt steep hierarchy of power where the gap between superiors and subordinates is significant, which might impede employees' creativity and innovation. However, the contingency theory is also supported as this study implies that the impact of power hierarchy varies due to the uniqueness and different objectives of each organization. Certain level of hierarchy is still required to ensure effective operation and avoid chaos among employees.

**Key words:** *power hierarchy, organizational creativity, cultural influence, Vietnam*  
See: <http://web.lib.aalto.fi/en/helevoc/pdf/>

**Language:** English

**Grade:**

## Table of Contents

1.	INTRODUCTION.....	1
1.2.	Background Information and Research Problem .....	1
1.3.	Research Questions .....	1
1.4.	Research Objectives.....	2
1.5.	Structure of the Thesis.....	2
2.	LITERATURE REVIEW.....	3
2.1.	Definitions and Scope of study.....	3
2.1.1.	Power and the hierarchy of power in organizational structures .....	3
2.1.2.	Creativity and Innovation in organizations .....	4
2.2.	The impact of East Asian culture on the presence of power hierarchy in Vietnam.....	8
2.2.1.	Confucianism and the root of culture .....	8
2.2.2.	Power Distance, the level of tolerance for power hierarchy, and the demand for democracy in the workplace .....	9
2.3.	Stream of literature – different views toward the effects of power hierarchy on creativity and innovation.....	12
2.3.1.	Literature supporting the positive effect of bureaucratic hierarchy on organizational innovativeness.....	13
2.3.2.	Literature arguing for the negative effect of bureaucratic hierarchy on organizational innovativeness.....	14
2.3.3.	Neutral approaches to the relationship between power hierarchy and creativity .....	15
2.4.	A Conceptual Framework.....	17
3.	METHODOLOGY .....	18
3.1.	Participants .....	19
3.2.	Questionnaire Structure and Procedures .....	20
3.3.	Method of data collection and analyses .....	21
3.4.	Results .....	21
3.4.1.	General information of participants and their organizations.....	21
3.4.2.	Power hierarchy and bureaucracy .....	24
3.4.3.	Democratic expectation in organizations .....	26
3.4.4.	Employees' willingness to speak up .....	27
3.4.5.	Innovation and Creativity .....	29

3.4.6.	Cultural influences .....	31
3.4.7.	Summary .....	33
4.	FINDINGS .....	34
4.1.	National culture as a key determinant of the presence of organizational power hierarchy (Research Question 1 and Hypothesis 1) .....	35
4.2.	The steepness of power hierarchy and employees' speaking up behaviors (Hypothesis 2) .....	36
4.3.	Eastern vs. Western orientation and the promotion of creativity using power hierarchy (Hypothesis 3) .....	38
4.4.	The promotion of innovative performance in organizations in Vietnam and the influence of power hierarchy (Research Question 2 and 3) .....	39
4.5.	Unexpected findings – The influences of national culture, business uniqueness, and globalization .....	40
4.6.	Summary .....	41
5.	DISCUSSION .....	43
5.1.	The impact of national culture on the organizational culture and the presence of power hierarchy .....	43
5.2.	The level of power hierarchy and its impact on employees' willingness to speak up .....	44
5.3.	Western and Eastern influences and the impact on employees' creativity and innovativeness .....	45
5.4.	The enhancement of organizational creativity and innovation in Vietnam ...	47
5.5.	Globalization and the importance of cross-cultural approaches .....	48
6.	CONCLUSIONS .....	49
6.1.	Main findings of the study .....	49
6.2.	Practical Implications for International Business .....	50
6.3.	Limitations of the research .....	51
6.4.	Suggestion for further research .....	52
	REFERENCES .....	53
	APPENDIX .....	60

## **1. INTRODUCTION**

### **1.2. Background Information and Research Problem**

Together with the rapid development of the business world, the severe competition on the market and continuously changes in the external environment often require great level of creativity and innovation in product research and development process (Reis & Betton, 1990; Rothschild, 2000; Basadur et al., 2014). Since the leadership and management style can strongly affect creativity innovative performance (Amabile, 1988; Jaskyte & Dressler, 2005), significant attention has been given to the construction of effective and efficient organizational management systems that can facilitate employees' self-development, which eventually fosters creative and innovative activities. Therefore, the purpose of this paper is to study the actual impact of power hierarchy, which is hypothesized to be influenced by national culture, on the level of innovativeness among the employees, particularly in Vietnamese organizations.

The economy in East Asia has been rising remarkably in the past two decades and is considered to have further developments in the future. The main explanation for this event is the strong economic growth, which results in the increasingly developed quality of management in the region (Hofstede & Bond, 1988). Therefore, the culture prevailing in this area – the East Asia cultural sphere - receives great attention from many scholars and researchers in this field, especially considering the impact of high level of power distance. Confucianism, the fundamental teaching base originating from the Chinese philosopher Confucius, together with several other cultural factors, make significant contribution in shaping the cultural identity in the sphere (Hofstede & Bond, 1988; Tan, 2015). Of all the countries in the region, Vietnam emerges as a special element – a country of the Southeast Asia region but is heavily influenced by East Asian culture, especially by the Confucianism philosophy. However, little research has been conducted studying specifically the situation in this country.

### **1.3. Research Questions**

The research aims to emphasize the need of certain level of hierarchy as well as of democracy in Vietnamese organizations, as well as in organization from the East Asia cultural sphere. In order to do so, it acknowledges the benefits that hierarchy

brings to management system, studies both the positive and the negative effects of bureaucracy towards employees, and therefrom identifies ways to encourage innovativeness in the workplace. More specifically, this thesis seeks to answer three main questions:

- What cultural aspects cause the impact (both positively and negatively) on organizational power hierarchy in the East Asia cultural sphere area (and particularly in Vietnam)?
- What is the relationship between hierarchy and innovativeness?
- How can hierarchical structure effectively foster innovativeness among employees in Vietnam?

#### **1.4. Research Objectives**

In order to reach the final conclusion, this thesis aims to meet these following objectives:

- To study the impact of deep-rooted traditional cultural mindset and high level of power distance on the bureaucracy level in East Asian and in Vietnam.
- To identify and gauge both the positive and negative effects of bureaucracy in Vietnamese organizations.
- To explore how to effectively utilize the impact of hierarchy on encouraging innovations and improving performance in organizations.

#### **1.5. Structure of the Thesis**

While there is a wide range of attributes that influence the level of creativity and innovative performance among employees, this paper will only focus on factors that are related to the hierarchy of authority and the level of power distance in organizations. At first, a stream of literature review with different viewpoints of the topic will be presented and discussed. Afterward, the thesis will provide a qualitative study, which is believed to bring up new up-to-date insights and perspectives. Eventually, this paper aims to provide an initial attempt to unravel the relationship

between power hierarchy and creative performance in Vietnamese workplace. Certain limitations will also be acknowledged, and several suggestions for further research will be proposed for more reliable and significant findings.

## **2. LITERATURE REVIEW**

Various theories and models have been developed by previous scholars to examine the impact of power hierarchy on creativity in the workplace (Blau & Scott, 1962; Pierce & Delbecq, 1977; Baily, 1985; Craig, 1995; Vugt et al., 2008; Anderson & Brown, 2010; Rudaleva & Petukhova, 2016). In this section, to provide a proper background knowledge of the topic, firstly, important terminologies, including the hierarchy of power and organizational creativity, will be studied. As the definition of these key terms provided in previous literature may vary greatly depending on the topic being studied, the scope of this thesis will also be indicated. Secondly, studies concerning the culture of the East Asian cultural sphere, or more specifically the Vietnam culture, will be examined. Lastly, this Literature Review will concern both the positive and negative effects of the hierarchy of authority on organizational innovation pointed out by previous literature.

### **2.1. Definitions and Scope of study**

#### **2.1.1. Power and the hierarchy of power in organizational structures**

The definition of power and the hierarchy of power have been well-studied in previous papers. However, power should be clearly distinguished from authority – another form of social influence. According to Mintzberg (1983), authority refers to the level of power given to specific positions in the internal structure of the organization, which can be defined as a form of legitimate power. The person with high level of authority are voluntarily obeyed by the others since his or her decision is believed to be reasonable and sensible (Blau & Scott, 1962). Power, on the other hand, refers to the ability to make decisions and carry out one's own will regardless of disagreement and opposition from the others (Weber, 1947).

Organizational hierarchy refers to the ranking of individuals within an organization based on differences in social status, control, value, respect, expertise, or power.



The level of hierarchical structure varies among different organizations depending on the perceived value and control of their management systems (Gruenfeld & Tiedens, 2010). Hierarchy in organizations can be developed formally through the policy or official of the company, or informally through the practice and norms created naturally by employees (Anderson & Brown, 2010). Anderson & Brown (2010) also examine the concept of hierarchy further by studying the effects that different hierarchical structures with different level of tallness (the number of levels in the hierarchical ladder) and span of control (the number of middle managers in manager-subordinate relationships) cause. Stability of power distribution is also another important aspect that scholars take into account when examining the effects of power hierarchy (Aime et al., 2011; Anderson & Brown, 2010; Sligte et al., 2011). Going beyond the concept of hierarchy, Aime et al. (2011) untangled the riddle of power heterarchy – the power structures in dynamic and fluid groups where power is shifted among the members depending on specific situations or tasks. Mixed results were found in many of these studies (Anderson & Brown, 2010; Brocker et al., 2001), which will be discussed further in details after the following analysis of cultural factors that are considered the root of power hierarchy.

## **2.1.2. Creativity and Innovation in organizations**

### **2.1.2.1. The Concept of Creativity**

Creativity and innovation are thought to be the key requirements for the development of every organization. Mumford & Simonton claim that the rapid changes of the business world have created a strong need for creative new ideas, including not only the adoption and utilization of new technologies but also the effective management of human resources (1997).

Due to its complexity, the phenomenon of creativity has been approached by scholars with a wide range of different perspectives (Niu & Sternberg, 2002; Kaufman & Beghetto, 2009; Tan, 2015). Kaufman & Beghetto (2009) conceptualize creativity using the Four C model (Figure 1), which categorizes different types of creativity based on the level of the significance of the creativity. According to the authors, Big-C creativity refers to prominent creators whose contributions are considered as significant in their field, whereas little-c emphasizes the innovative

actions of individuals in the daily life which do not necessarily have enormous impact immediately but might contribute greater in the long term. The creativity provoked by the transformative learning process is categorized as the mini-c, which emphasizes individuals' personal knowledge and perception. The last form of creativity defined is Pro-c – the creativity of 'professional creators, but have not reached eminent status' (Kaufman & Beghetto, 2009: 4). While the level of the Big-C often requires long periods of training time with remarkable achievements, contributions of innovators of the Pro-c group are considered more practical in the real world.

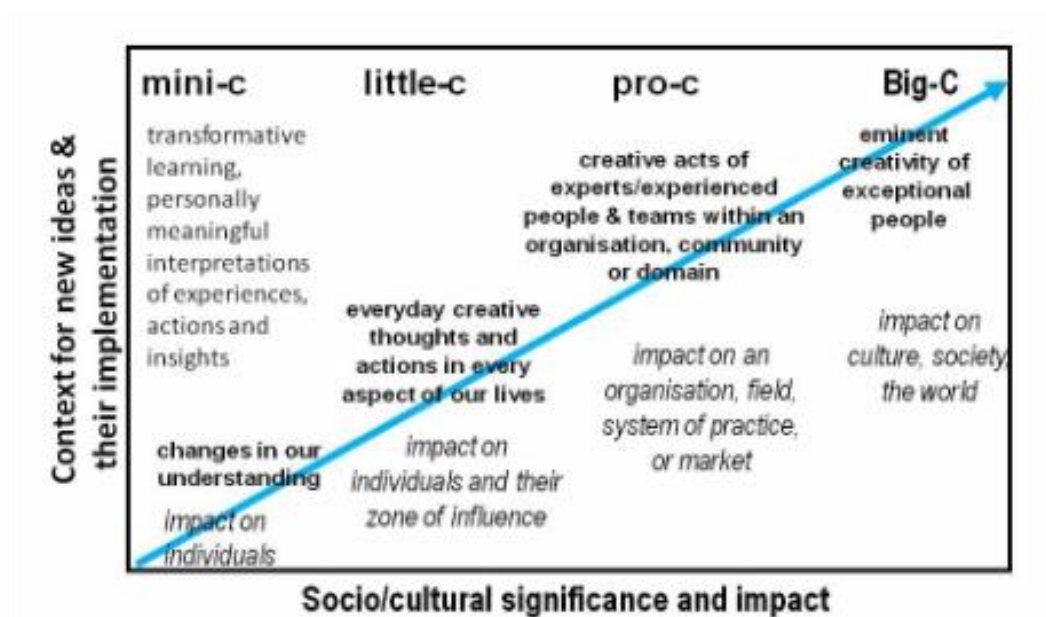


Figure 1. Four-c C model of creativity based on the study by Kaufman & Beghetto (2009)  
([www.norman.jackson.co.uk](http://www.norman.jackson.co.uk))

Also studying the development of creative thinking in the workplace. Ekvall (1996) argued that the working atmosphere can greatly either foster or hamper creativity and self-development among employees. In fact, the author developed a model consisted of ten elements that are believed to have significant impact on creative productivity (Figure 1). Of these dimensions, *Freedom* and *Idea-Support* can be affected by the power distribution system of the organization as an ideal power hierarchy is believed to give employees flexibility and support for creative approaches in their work. Therefore, while more details will be discussed in later sections, this thesis will take into account these two dimensions to measure the impact of power hierarchy on the creative productivity.

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• Challenge	• Playfulness
• Freedom	• Debate
• Idea-Support	• Conflict
• Trust	• Risk Taking
• Dynamism	• Idea Time

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*Figure 2. Dimensions that have influence on employees' creativity (Ekvall, 1996).*

In addition, tackling the phenomenon from the cultural approach, Niu & Sternberg (2002) study the difference in perception of the creativity concept between Eastern (Asian countries) and Western culture (the United States of America and Europe). More specifically, people from Asia tend to put greater value on morality and the benefit of the common society, while Western citizens with individualistic mindset put greater importance on individual traits (e.g. wisdom, aesthetic taste, freedom of spirit and independence). Also examining the topic through the cultural approach, Tan (2015) provides two key differences between the conception of creativity in the East and the West.

Firstly, East Asians are more responsive to progressive changes and gradual adjustment of the existing culture over a period of time since cultural practices and beliefs are somewhat inflexible. From the Asians' perspective, the Big-C creativity involves revolutionary achievements, which might change the existing culture dramatically (Niu & Sternberg, 2002). On the other hand, as the Western culture are considered to be more adaptable to changes, the Westerners find the Big-C creativity with groundbreaking innovations much more acceptable (Kaufman & Beghetto, 2009).

The second difference pointed out by Tan (2015) is the stronger emphasis on the morality of the Easterners, which is consistent with the argument of Niu & Sternberg (2002) mentioned above. More particularly, while the majority of the people coming from the West greatly focus more on the objective and the solution to the problem, Asians tend to put more effort on structuring and maintaining social harmony, which involves moral behaviors and the priority for the common good. For instance, regarding the case of Korea, collectivism prevails explicitly within the society as

people greatly appreciate the value of group harmony, loyalty and commitment (Dodgson, 2009).

#### **2.1.2.2. Organizational innovation**

The urgent need for developing creativity and innovation in the workplace is stated explicitly by Pot (2011). More specifically, the current competitive and knowledge-based economy greatly demands proper enhancement of labor productivity and competences.

The concepts of creativity and innovation are sometimes used interchangeably with little distinction. However, several scholars have separated innovation from creativity by providing specific definitions for innovation or innovativeness in organizations (Pierce & Delbecq, 1977; Amabile, 1988; Damanpour, 1991; Pot, 2011). While creativity tends to emphasize the abstract concepts such as human intelligence and the ability to produce new ideas, the definition of organizational innovation refers to 'the implementation of creative ideas within an organization' (Amabile, 1988: 126). Providing a more detailed explanation, Pot (2011) claims that innovation in the workplace refers to the adaptation of new interference in organizational structure, staff management, and technologies. The adoption of organizational innovation is also defined by Damanpour (1991) as 'an internally generated or purchased device, system, policy, program, process, product, or service that is new to the adopting organization' (p. 556). In other words, innovation is produced using creativity as the main foundation.

In addition, Amabile (1988) has provided a comprehensive research on the model for organizational innovation, which deliberately studies both individual and environmental aspects. Accordingly, both internal and external attributes including individual characteristics, environmental factors, intrinsic and extrinsic motivation, as well as the process of developing creativity are analyzed in great detail. From her analysis, the author eventually suggests that appropriate fortification or modification the existing structure based on the available information is the most powerful way to stimulate creativity and innovation, as opposed to applying new and unfamiliar concepts to the management system (Amabile, 1988). Several organizational

attributes that affect innovative ability are also examined by Damanpour, including the type of organization, the type and scope of innovation, and the process of implementing innovative actions (1991).

### **2.1.2.3. The increasing importance of innovation East Asia**

The strong development of the East Asian economies implies the severe competition in this market, which requires companies to spend enormous effort to continuously improve the quality of the products they offer, as well as the effectiveness of the operating system. As the result, innovation has been greatly recognized as one of the key competitive advantages when doing business and competing with other business rivals (Gu & Lundvall, 2006; Dodgson, 2009). Considering particularly the Chinese economies over a long period of time, the economic reform in China between the 1980s and the 1990s promoted the development of “bureaucratic decentralization” (Gu & Lundvall, 2006:4). Accordingly, this transformation from a heavily centralized to a more market-oriented economy suggested that firms in the market were granted an increasing level of autonomy in decision-making process. However, this economic reform has yet to solve the root of the problem as there still remain barriers of the development of innovation-encouraging systems. Considering the aspect of technological innovation, Gu & Lundvall claim that human resource, or human intelligence is one of the key elements for fostering creative and innovative performances (2006). Therefore, apart from the government’s effort to regulate the national economy, the authors also emphasize the importance of education and training to enhance knowledge and skills among the labor force, especially in rural areas where the living standard and educational aspects are expected to be poorer than that in big cities. The universal implementation of appropriate educational systems is believed to help encourage healthy and harmonious innovation systems.

## **2.2. The impact of East Asian culture on the presence of power hierarchy in Vietnam**

### **2.2.1. Confucianism and the root of culture**

National culture can have significant effects on the mindset of the people within a country. The formation of cultural identity is at the root of one’s self-development

from the very first stages of his or her life. As the patterns of cultural traits can be acquired and inherited from generation to generation, they are believed to be permanent and resistant to changes, although they can sometimes be modified to keep pace with the modern world (Hofstede & Bond, 1988).

In the formation of East Asian culture, Confucianism has played an enormous role as the fundamental base for the value systems in the mindset of the people for a long period of over one thousand years. The impact of Confucianism has explicitly presented in the daily modern life with the emphasis on proper human relationship as one of the key main principles (Yum, 1988). More specifically, the stability of the society is considered to be based on unequal relationships between people of different social status levels in the community. In every social relationship, the person of lower level in the status hierarchy (e.g. the subordinates, children, people of younger generation, etc.) is expected to show respect, obedience to the person of higher level. The senior, in return, has the obligation to provide the junior with protection and consideration (Hofstede & Bond, 1988). The interrelationship between people put great emphasis on the common good of the group instead of individual benefits. (Yum, 1988).

A wide range of literature on the topic in East Asia area has been developed, which studies several related aspects of power hierarchy including bureaucratic structure, the trend of authoritarian leadership, employees' willingness to voice their thoughts, and the collectivistic cultural consensus in organizations. With such strong impacts from Confucianism philosophy on the perception toward social relationships the following section will discuss the authoritarian leadership style, which is considered prevailing in the region (Li & Sun, 2014), together with the level of tolerance for unequal distribution of power in East Asian culture, based on one of Hofstede's cultural dimensions - the Power Distance.

### **2.2.2. Power Distance, the level of tolerance for power hierarchy, and the demand for democracy in the workplace**

Inequality is believed to be inevitable in every society – there is hardly any community function properly without it. (Hofstede, 1987). The Power Distance

dimension, therefore, serves to evaluate the perception of tolerance of people within a community toward inequality of status and power (Hofstede, 1987; Kirkman et al., 2009). Furthermore, Hofstede also promotes the relationship between the level of Collectivism and of Power Distance by claiming that Collectivist countries are more likely to have high power distance level, and vice versa (1987). As the East Asian culture are considered to have high level of power distance by the general, the subordinates are expected to respect and obey their leaders (Kirkman et al., 2009; Li & Sun, 2014), which is consistent with the principles of Confucianism mentioned in the previous section.

Looking at the concept of power hierarchy from the national scale, the business industry in Korean can be considered an intriguing and practical example of unequal distribution of power among different companies in the market. More specifically, the Korean industry is dominated by the well-known *chaebols* – the large family-based firms that acquire significant contribution to the national economy. In fact, the group structure these successful *chaebols* are taken and modified as business model by several Chinese policymakers in order to enhance the economic growth in China (Chang, 2006). A few start-ups have emerged in the Korean economy recently and shifted the dominated power away from *chaebols* (though insignificantly), however, the preeminence of *chaebols* is still deep-rooted in the perception of Korean economists. Unlike most of the other national economies, instead of encouraging entrepreneurship and Korean cultural practice tends to have strong preference and recognition for the *chaebols* as they hold the highest level in the hierarchy of power on the national scale (Chen & Martin, 2001). Entrepreneurs in Korea might consider the relationship with *chaebols* as more valuable than their own independent business foundation (Dodgson, 2009).

According to previous studies, Vietnamese managers tend to consider power hierarchy and collectivistic orientation more acceptable when compared with Australian managers. In addition, the Vietnamese are more likely to raise their voice indirectly to avoid potential conflicts with their superiors or colleagues and are less open to changes. In fact, traditional and old-fashioned norms are generally still prevailed and have remarkable impacts on the decision-making process (Berrell et al., 1999; Zhu et al., 2008). These characteristics are considered to be associated

with the authoritarianism in leadership and the level of tolerance for inequality studied.

Authoritarian leadership style – a trend of leadership emerging in the Asia area, especially China – associates with the leader's great control of power and authority, as well as respect and obedience from the subordinates (Pellegrini, & Scandura, 2008; Li & Sun, 2014). Studying particularly about the authoritarian leadership among Chinese leaders, Li & Sun (2014) argue for a negative relationship between authoritarian and employee's willingness to raise their voice in the workplace, which leads to a greater acceptance of power hierarchy.

However, Rothschild (2000) claims that as the consequence of higher education and higher living standard, employees would have greater expectation toward autonomy and a democratic workplace where they can have proper control over their work, freedom in contributing opinions, and adequate opportunity for self-development. In other words, there is now more demand for a more equally distributed power hierarchy in organizations from the workforce. The author also raises concerns over the protection of 'whistleblowers' – the employees that are willing to speak up about any fraud or unfair and inappropriate incidents they notice in the workplace (p. 200). In fact, he argues that it is troublesome to fully protect these whistleblowers as a completely new framework to ensure employees' rights might be required. However, the protection of the whistleblowers can greatly promote autonomy and democracy in the workplace, which eventually results in higher level of commitment and loyalty among the employees (Rothschild, 2000). The importance of managerial autonomy in the decision-making process, which greatly enhances productivity in the organization, is also emphasized by Zhu et al. (2008). After the Vietnamese economic revolution in the 1980s, a greater level of autonomy was gained by organizations as the government no longer has such significant influences in the decision-making process. However, there is a need for companies to create a democratic environment in order to foster productivity and creativity among the employees.

The concept of power hierarchy is also strongly and directly associated with that of bureaucracy. Styhre (2007) defines bureaucracy as abstract management principles



that influence how the organization functions as well as how the organizational processes are carried out. The bureaucratic system in management implies the guidelines and instruction of procedures and processes that members of an organization are expected to follow (1983). According to Weber, the key features of bureaucracy include a stable division of labor, a power hierarchy, administration, comprehensive staff training programs, and the commitment of the labor (1946). According to a study on the organizational culture of Asian firms, Vietnamese companies are found to promote the most bureaucratic organizational structures. (Deshpande et al., 2004).

**Hypothesis 1.** *Cultural factors, including Confucianism philosophy, the high level of power distance, and the level of expectation for democracy, have an influence on the presence of power hierarchy in Vietnamese organizations.*

### **2.3.Stream of literature – different views toward the effects of power hierarchy on creativity and innovation**

Among the issues relating to the organizational practices in this East Asian ‘regional culture’ (Choi, 2010:124), a controversy over the effect of the power hierarchy (i.e. the distribution of authority among different level in the hierarchy), on employees’ creativity and innovation performance has been provoked in many studies. While some studies emphasize the vital importance of hierarchy in organizations (Vugt et al., 2008; Anderson & Brown, 2010; Willer, 2009; Organ & Green, 1981; Podsakoff et al., 1986), other research strongly argues that hierarchy might hinder the ability to be innovative among employees (Thompson, 1965; Pierce & Delbecq, 1977; Bailyn, 1985). By evaluating both the positive and negative consequences, some other papers extent their analysis and claim that the impact of power hierarchy can be manipulated under several organizational conditions (Anderson & Brown, 2010; Blau & Scott, 1962).

### **2.3.1. Literature supporting the positive effect of bureaucratic hierarchy on organizational innovativeness**

Providing the perspective of functionalist theories, Anderson & Brown (2010) claim that the hierarchy of power can solve three problems of working in groups, including making collective decisions to avoid conflicts and ensure proper manner, motivating members to foster strong commitment, and promote cooperation among members to reduce disagreement. As power hierarchy comes with control over work, it is believed that the most talented and qualified individuals, who are likely to act as leaders and take initiative, will receive the greatest power. As a result, the centralization of power at the top of the hierarchy are expected to promote more rational decisions and to effectively manage the human resources (Vugt et al., 2008; Anderson & Brown, 2010). In addition, the power hierarchies are also considered to be the source of motivation since higher-ranked positions often imply greater benefits and respect from other lower ranks (Willer, 2009). Furthermore, inequality in authority and accountability can foster effective communication and maintain a steady flow of information within the organization, which also improves coordination among members (Anderson & Brown, 2010). Having similar points of view, Adler & Borys (1996) promote the positive technical effect of bureaucracy and power hierarchy by claiming that this type of structure ensures the smooth implementation of procedures and processes and thus the efficiency of the organization.

The theory of role stress also supports the positive correlation between formalized bureaucracy and employees' attitude. More specifically, as formalization diminishes role ambiguity with detailed descriptive instruction of the tasks and procedures, workers are found to be more satisfied and less stressful of their job (Organ & Green, 1981; Podsakoff et al., 1986). In this scenario, employees are able to perceive the overlap in their personal goals and benefits and those of the company. Since formalized processes are developed based on the experiences of predecessors, when these processes serve to facilitate the functions of large-scale projects, they are expected to help the organization avoid previous failures and foster creativity and innovation (Craig, 1995). Having a similar viewpoint, Rudaleva & Petukhova (2016) also consider the construction of internal regulations, disciplines and guidance one of the most significant mechanisms to foster innovation among employees. According to the authors, the level of creativity in organizations can also

be manipulated by various factors including organizational culture, directness or indirectness in internal communication, and the personality of the employees themselves (Rudaleva & Petukhova, 2016). Interestingly, most of these factors are heavily influenced by the power hierarchy. However, several authors argue that deficient level of formalization might also create stress among the employees, which will be discussed in the following section.

### **2.3.2. Literature arguing for the negative effect of bureaucratic hierarchy on organizational innovativeness**

Various papers have been produced claiming that bureaucracy and formalized structures can hinder the organization from flexible adaptation to new changes (Thompson, 1965; Pierce & Delbecq, 1977; Bailyn, 1985). Inappropriate level of bureaucracy might negatively affect employees' satisfaction, which results in absences, reduced loyalty, reluctant contribution, feeling of alienation, and decreased willingness to innovate (Arches, 1991). From the perspective of human resources management, Walton (1985) strongly argues that traditional policies and procedures hinder the development of employees' commitment, which might lead to dissatisfaction. As the consequence, employees are likely to be demotivated to contribute their innovativeness (Thompson, 1965).

Building their argument based on Hofstede's power distance dimension (1980), Brockner et al. (2001) investigate four different research on the topic of whether power hierarchy has negative impacts on employees' perception toward fairness and freedom of speech. Accordingly, their research strongly illustrates a consistent theme - the high level of power distance orientation leads to employees' decreased willingness to voice their thoughts and contribute ideas. Going beyond power distance, the authors also discuss another dimension developed by Hofstede (1980) – Uncertainty Avoidance. More particularly, the lack of formalized instruction and explicit guidelines might enhance the stress level among the employees as they are uncertain of their role in the organization.

While Westerners tend to reduce ambiguity and uncertainty, people from Eastern cultures with higher uncertainty avoidance level are more likely to accommodate and

accept ambiguity (Liu & Almor, 2014). Members of high uncertainty avoidance society, which associates with the Vietnamese cultural characteristic – would expect the procedures to be coherent and consistent over time to avoid potential arising issues (Brockner et al., 2001) This is the consequence of the overdependence on previous experience mentioned above, which discourages the employees from questioning current existing structure despite any possible inappropriateness.

### **2.3.3. Neutral approaches to the relationship between power hierarchy and creativity**

#### **2.3.3.1. Contingency Theory approach**

Supporting a more neutral point of view, contingency theorists claim that the effect of power hierarchy can be either negative or positive, depending on the nature of the tasks, the type of organization, the selection of human resources, as well as the characteristics of individuals (Lawrence and Lorsch, 1967, Damanpour, 1991, Anderson & Brown, 2010). In other words, different organizations require different and specific organizational structure to effectively enhance the strengths and overcome weaknesses. Accordingly, workers expect that routine, repetitive tasks should come with high level of bureaucratic instruction, and there should be more flexibility for nonroutine tasks. Inappropriate level of bureaucracy will result in ineffective management and utilization of employees' competence and ability. In addition, the stability of the organizational structure and the urgency of the tasks are other major factors that influence the effect of hierarchy, according to contingency theorists (Blau & Scott, 1962). However, little attention has been paid to these aspects in many research papers (Adler & Borys, 1996). Therefore, the many of the findings arrived at mixed or ambiguous results.

However, several scholars argue against this approach. Easterby-Smith et al. (1995) claim that there is a great number of papers assuming the existence of an ideal system of human resource management that can be adopted by every organization regardless of the national or organizational culture prevailing. Nevertheless, based on their comparative research conducted on organizations in the United Kingdom and China, cultural factors are believed to have significant influences on the effect of the human resource management applied in the company. Developing similar

argument, Ngo et al. (1998) promote the possible transfer of the management system to different, diverse cultures in the case of multinational corporations. However, according to the authors, further research focusing on the level of cultural differences between the home and the host country should be conducted. On the other hand, King-Kauanui et al. claim that certain management practices can be transferred across different cultures depending on the level of conflict between those practices and the national cultural norms (2006).

### **2.3.3.2. Cross-cultural approach**

Regarding the cultural perspective, many papers also promote the ‘ambicultural’ approach – the combination of different cultural practices that are appropriate for specific companies and specific areas (Blunt & Jones, 1997; Chen & Miller, 2010). Accordingly, the papers greatly emphasize the importance of cultural integration, especially consider the globalization of the business world and the rapid development of the information technology. Since there are existing conflicts among different cultures (e.g. between the East and the West), the leaders are required to have sufficient skills and competencies in the process of bridging cultural values.

Examining specifically organizations in China, Chen & Miller (2010) suggest that several Chinese values should be embraced, including long-term vision, the importance of group harmony, and the respect towards superiors. The authors also provide cultural practices prevailing in Chinese that should be avoided such as the mistrust of strangers and new workers (i.e. long-term employees are more likely to be trusted and to be given authority), the reluctance in knowledge sharing, the overly centralized power hierarchy, and the level of ethnocentrism.

**Hypothesis 2.** *Steeper power hierarchies tend to result in employees’ lower willingness to speak up and contribute. On the other hand, in organizations with flatter power hierarchies, employees are more willing to voice their thought during the decision-making process.*

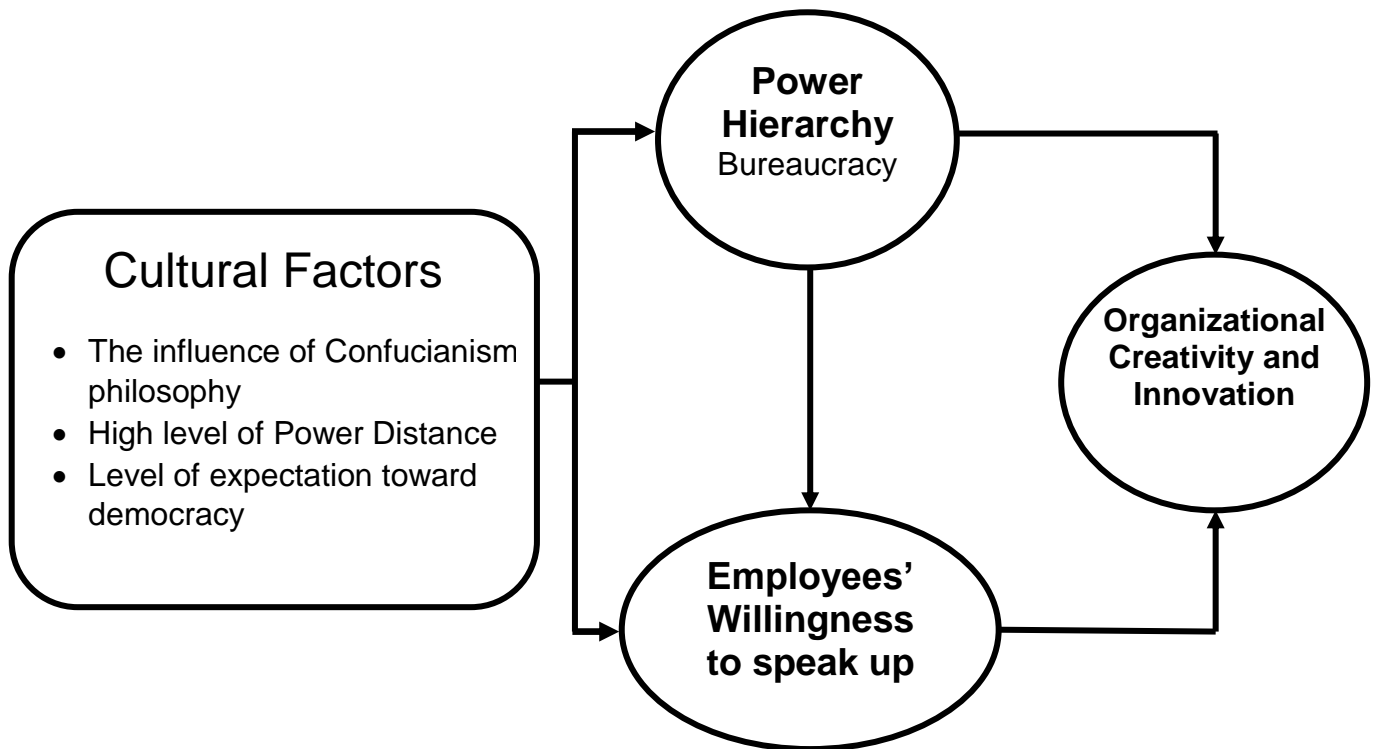
**Hypothesis 3.** *Organizations influenced by Western leadership are more likely to enhance innovativeness using power hierarchy, whereas in organizations influenced*

*by Eastern leadership, creativity and innovative performance tend to be hindered by power hierarchy.*

#### **2.4.A Conceptual Framework**

Investigating previous literature on the topic, this paper proposes a conceptual framework that studies the relationship between power hierarchy and the level of creativity among employees. Apart from providing the approach to the answer of the research questions, this framework also seeks to measure the three hypotheses mentioned previously. As displayed in the following diagram, the framework considers several cultural factors as independent variable that monitors the relationship being studied. These includes the impact of Confucius philosophy on people's perception and behaviors, the high level of Power Distance in Vietnam, and the expectation for democracy among employees. The framework suggests that these factors will have influence on the hierarchy of power in organization, or the level of bureaucracy in organizations. As several studies have discussed the employees' willingness to raise their voice as one of the determinants, this will also be considered an intermediate variable (i.e. it is expected to be influenced by cultural traits and the power hierarchy, whereas it might affect the level of creativity in organizations). Accordingly, the final goal of this thesis is to explore the impact of the three variables mentioned above on the development of creativity and innovative performance.

The next chapters of this thesis, including Methodology, Findings and Discussion, will serve to measure and evaluate the variables in the conceptual framework. Eventually, this paper seeks to provide an initial understanding on the topic in the context of Vietnamese culture, which encourages further research being conducted on this topic.



*Figure 3. A Conceptual Framework of the relationship between Power Hierarchy and Creativity.*

### 3. METHODOLOGY

In order to achieve better understanding of the topics discussed in this thesis, the research method of in-depth qualitative interview is selected. More particularly, semi-structured interviews were conducted using the technology advances of video meeting (more specifically through Skype). The significance of this type of qualitative research method has been highly acknowledged by the majority of the scholars. Semi-structured interview can not only provide participants the opportunity to fully response from their own perception and perspective but also ensure the coherent topic being discussed (Qu & Dumay, 2011; Turner, 2010). It is also considered one of the great tools to identify hidden related aspects that have yet to be discovered, which would eventually generate new theories and insights (Baillien et al., 2009; Qu & Dumay, 2011).

### **3.1. Participants**

The study is based on in-depth qualitative interviews with four top-level managers (for instance presidents, vice presidents, senior managers, or head of Human Resources department) who directly work with their employees of different levels in organizations in Vietnam. These managers were chosen as target participants as they are expected to have certain levels of experience in leadership and management, which ensures the credibility and validity of their viewpoints. Since their roles as leaders also imply great interaction with employees, their answers can not only reflect the real situation and issues in organizations but also generate new insights of the topic. Furthermore, the participants, or the organizations they are working for, can be influenced by either Eastern or Western culture. This differences in cultural context is believed to help evaluate the actual impact of cultural factors on the leadership style, as well as the perception of power hierarchy.

Other potential participants for this research might be business owners or the employees themselves. However, these two groups of participants were not selected since they are believed to provide less credibility than the managers. Firstly, while business owners and entrepreneurs are considered to have strong impact on employees' satisfaction and commitment (Jensen & Luthans, 2006), they might focus more on management at a macro-level, which includes directing the strategic developments for the company as a whole and delegating the daily management for managers of different departments. This might result in the owners' vague knowledge about the actual micro-level issues existing among employees at all levels in the company. Therefore, their insights might not be as valuable as those of the managers who directly participate in the daily operation of the firm. Secondly, the employees were also not considered ideal participants since they might not have the same perspectives and experiences as the leaders who manage and monitor them. As most of their tasks are associated with their specific functions and positions in the company, employees are not necessarily required to have sufficient knowledge and skills of leadership. While their opinions might be useful when examining determinants of job satisfaction, it might be inappropriate to impartially evaluate the impact of power hierarchy on employees' creativity through the viewpoint of the employees.



Since the participants are chosen on the basis of personal networking instead of randomization, biases may exist. This is also acknowledged to be one of the limitations of this research. However, with the aim of providing a basic background material for further comprehensive research, this group of participants is believed to meet the qualification. The participants are chosen on the criteria of different cultural background and various working experience in Vietnam as leaders or managers.

The personal information as well as other private details, as requested by the participants, will remain confidential. Nevertheless, several demographic information will be used (e.g. their cultural and educational influences, the general information of their business, etc.) under the permission of the interviewees if necessary. The interviewees' experiences and viewpoints will be the main sources that serve the purpose of this study.

### **3.2. Questionnaire Structure and Procedures**

As aforementioned, the managers participated in semi-structured qualitative interview and were asked several open-ended questions. The interview questionnaire (Appendix 1) concerns mainly the presence of power hierarchy in each organization, the participants' experience of power hierarchy, and the level of creativity and innovativeness among the employees. Cultural influences of each participant are also taken into account to evaluate the case more properly. The questionnaire consists of a total of 8 main questions, excluding questions asking about interviewees' demographic information. The questions are carefully designed so that they not only ensure neutrality, simplicity, and unambiguity but also encourage interviewees to actively engage in the conversation.

The interviews were carried out in the form of video meetings with the top-level managers. In general, each interview takes approximately 20 to 25 minutes. For Vietnamese participants, the interviews were conducted in Vietnamese in order to avoid any possible language barriers that prevent the participants from explicitly expressing their opinions. For non-Vietnamese interviewees, English was the main language being adopted. The permission for audio recording was given by the majority of the participants, and the record files were used only for the purpose of

this thesis. In the case that the interviewees refused to be recorded, notes were written down by the interviewer at the time of the interview. These notes were later used for analysis in replacement for the audio transcription.

### **3.3. Method of data collection and analyses**

After the interviews were conducted, the transcriptions of each recording were created and translated to English if necessary. Unimportant and irrelevant contents were also omitted during the process of transcribing. The transcriptions were then analyzed in great details to identify common themes and key points. The final results of the research were constructed by combining different themes with proper evaluation and explanation.

### **3.4. Results**

#### **3.4.1. General information of participants and their organizations**

Six participants were invited to take part in the interviews. However, only four of them accepted and were able to participate. In accordance with the participants' request for privacy, their name will be changed and abbreviated to one capital letter for better comprehension.

The first interviewee was Mr. T (Vietnamese) – the Vice President of a beverage enterprise in Vietnam. As he is educated mainly in Vietnam with only few years of studying abroad in Europe, he considers himself to be heavily influenced by Vietnamese culture. He was chosen to participate in the research due to his great experience in the field as he has been holding top-level positions in companies for a long period of time (more than 20 years). He claimed that his organization tends to be collectivistic-oriented as every member of his company, regardless of their position, is expected to strive for the common goal of the whole company.

The second participant, Mrs. H (Vietnamese), is the Senior Director working at a Vietnamese subsidiary of a Japanese healthcare product manufacturer and retailer. Although she has completed her education in Vietnam, she is mainly influenced by Japanese organizational culture. Mrs. H has great experience in the field of human

resource management as it is also part of her responsibility at the company. Mrs. H believes that there is a combination of both individualism and collectivism in her organizational working environment, although the presence of collectivistic culture might be more prevailing. More specifically, while the company's policy encourages that common benefit of the firm should be one of the first priorities, Mrs. H believes that some of the employees have not received enough motivation and are still working toward their own personal goals. However, team projects and group-based rewards remain to be essential parts of the operation of the company, which are believed to help enhance the group harmony among employees. In fact, Mrs. H concluded:

*“Although we – or should I say the policymakers of the company – try our best to encourage healthy collectivism within the company, it is still difficult to convince the employees to follow the rules. What I’m trying to say is they do pursue collectivistic orientation to some extent, for example, they always perform well to maintain group harmony during teamwork. But when it comes to the final goal, people still tends to put their own personal goals as their first priority.”* (Mrs. H)

The third interviewee, Mrs. L (Vietnamese) is working as a Human Resources manager at a large-scale international school in Vietnam. She has completed her Bachelor's and Master's degree in Europe, and she has been working at multinational enterprises ever since she graduated. Therefore, Mrs. L considered herself to be exposed to the Western culture more than Vietnamese one. Mrs. L was chosen as a participant since her cultural background might help to evaluate the cultural impact on the perception toward power hierarchy. Based on her experience of working in workplaces with Western cultural orientation, she supported the opinion that Western-oriented organizations tend to be more individualistic when compared with local Vietnamese firms. Mrs. L also considered her company to have low level of power distance as the gap between employees and top-level managers are somewhat vague. More specifically, outside the workplace, it is considered normal for employees to develop very close relationships with their managers as normal friends, not as superiors and subordinates. Informality in the workplace also takes place at a certain level, as employees rarely feel significant distance between

themselves and their boss, and everyone is treated and respected equally regardless his or her position in the company.

The fourth participant, Mr. S is an American who completed his MBA in New Zealand. He is currently the President and Country Manager of a multinational corporation in the energy industry. He also has valuable experiences as General Manager with a wide range of responsibility including Corporate Planning, Business Development, Sales and Marketing. While the head office of the company is located in the United States of America, Mr. S has significant working experiences in various countries, including Vietnam. Therefore, he was chosen to participate in this research. Mr. S claimed that since his company is operated in multiple countries with various cultural practices, the level of individualism and collectivism greatly varies among different subsidiaries. Furthermore, the nature of each function in each branch of the company also matters.

*'In some functions like Geoscience or Engineering where the work is more analytical, individuals tend to work alone, and some of the tasks also require them to do so. However, in other departments like Sales and Marketing, it is more team oriented. But overall, we promote more individual based rewards for employees, so maybe we are more individualistic-oriented than general Vietnamese firms.'* (Mr. S).

According to Mr. S, collectivistic orientation also prevails as all members working in the company are expected to share and pursue the common goal, and the group harmony is always well-maintained. Based on his experience working in Asia countries such as Indonesia, Thailand, and Vietnam, he confirmed that the power distance in Asian workplaces is generally more apparent than in most of the countries from the West. In Asia, building relationship, socializing, and expanding the social network are considered of great importance for a person to develop his or her future career. This also results in the advancement of group harmony as the interrelationship among members is delicately maintained. In Vietnam, employees seem to divide themselves into social groups with common interests and personalities. Besides working team, these groups help to improve the level of

satisfaction in the workplace since, for example, people would reduce stress by gathering with their groups during break time to chat and relax.

### **3.4.2. Power hierarchy and bureaucracy**

The perception and attitude toward power hierarchy and bureaucracy greatly vary among the participants. In general, most of the participants agree that there should be a proper hierarchy of power in the organization to maintain order. However, each participant has his or her own viewpoint of the topic.

The majority of participants (including Mr. T, Mrs. H, and Mr. S) believe that power gap is an essential factor in organizational management. According to Mr. T, there are three main layers existing in his company's internal structure, including the Board of Directors, Managers, and Employees, which makes the hierarchy relatively steep. Nevertheless, he acknowledged that in order for a company to function effectively, the internal structure should be thoroughly designed, since an overly simplified structure would often fail to meet the expectation:

*'I do believe in a distinctive power distribution system. We live in a society which is held together firmly by order and discipline. Though I do believe that simple structure would help the company to operate as well, certain level complexity is still needed, especially for large companies. So when I said that we have three main levels, it does not mean that power is distributed that directly. There are small layers in each of those levels that help to structure our complete internal structure.'* (Mr. T)

Having a similar viewpoint, Mr. H admitted that high power distance is one of the common characteristics in Japanese and Vietnamese organizations. He furthermore described:

*'The power gaps in our company are clearly divided but not separately distributed, which, I think, is similar to the operating structure of most of other firms, both Japanese and Vietnamese. For example, certain positions are responsible for one function, and on the other hand, two different positions can*

*also be held by one single staff. So the level of authority of that person can vary depending on which role they are taking.'* (Mr. H)

Moreover, the definition of bureaucracy was clearly distinguished by Mr. T. According to him, bureaucracy should not be mistaken as dictatorship. In that sense, bureaucratic structure is *'absolutely necessary as it allows us to work systematically and proficiently. Most of the decisions are made by those with higher power, however, employees have their rights to voice their concerns, needs, or requests. Those [concerns, needs or requests] that are legitimate will be answered, met and announced officially. Nevertheless, an organization must have its own order.'* (Mr. T). In addition, Mr. H also discussed the proper level of bureaucracy as an important factor in the organizational management system:

*'It [bureaucracy] depends on nature of business the company is doing and its size of employees. Manufacturing companies like us normally have large numbers of employees working in many functions, with capability and skills at different levels from very low to very high. So they need strong leadership; and therefore, the managers or directors should be a strong leader for leading the team, section, and department.'* (Mr. H)

From the perspective of Mr. S, he also believes in the support of power hierarchy in the management of his firm. He claimed that the company also established an internal guide (*'The Delegation of Authority Guide'*) which lists all categories of decisions that need to be made and the relative financial authority given to different positions. The guide consists of a total of ten levels, each was carefully designed by the policymakers and the leaders of the company. Everyone, including both high and low-level staffs, is expected to comply with this Authority Guide. When being asked about his opinion of bureaucratic structure, Mr. S claimed that his company has established a very well-developed bureaucratic system. He acknowledged the importance of bureaucracy in organizational management, but also believed that it depends on the nature of each business or industry:

*'In our business, it is essential to have comprehensive and clear systems and procedures to ensure that our facilities are operated safely. This helps to remove*

*guesswork and the chances or error. We don't really want operators to 'experimenting' with equipment which could blow up and kill people (laugh). But anyways, on the other hand, some of our 'people facing' businesses would require less process. In that case, too much formalized process would definitely stifle innovation, in my opinion.'* (Mr. S)

On the other hand, Mrs. L, in a low power distance context, claimed that although her organization is divided into various departments with different functions, the power hierarchy is fairly flat as employees have most of the rights as managers do. Final significant decisions must be made by high-level managers, however, everyone, including employees, makes great contribution to the decision-making process. In fact, some decisions were made in accordance with the opinion of the majority. Mrs. L believed that the educational environment also facilitates equality among the teachers, faculty staffs, as well as the program directors and managers, because the school is responsible for providing its students with healthy studying environment.

### **3.4.3. Democratic expectation in organizations**

3 out of 4 participants claimed that their employees certainly have desires for a democratic workplace. More specifically, Mrs. H believed that her employees held a relatively high expectation toward democracy in the workplace. The policy and procedures are fairly strict and formalized, which, in her opinion, is associated with the working practice of the Japanese. Therefore, employees would usually crave for more flexibility and self-management as opposed to complying with the policies and asking permission from upper level managers in every decision-making process.

In low power distance firms, since fair amount of democratic structure has already established, employees are not likely to put democracy as one of their first priorities. Nonetheless, according to a survey Mrs. L conducted, the staffs in her organization would not favor or adopt to a workplace with steep power hierarchy and low level of democracy. They are accustomed to their freedom in problem-solving and brainstorming process. From the perspective of human resources manager,

providing employees proper amount of power and flexibility in daily tasks would give them more opportunity for self-development and creativity encouragement.

Mr. S also confirmed that the majority of employees would certainly prefer to have their own voice in the workplace. Although the power hierarchy is relatively steep in his company, everybody is still always encouraged to share his or her opinion, especially when conflicts and disagreements arise.

However, according to Mr. T, in high power distance organizations, people tend to be more acceptable to what is offered in their working environment:

*'...since it is more 'traditional' to follow the rules and adapt themselves to the working environment, they tend to tolerate and accept the existing environment in the company, regardless there is democracy or not. We have actually conducted some research to ask for employees' opinion on this topic, and the majority of them would expect more self-management and freedom in decision-making. If you're speaking about daily task description, however, some of the employees chose to have clear instruction so that they only have to follow what they are told to do, which makes it easier for them to do their tasks. As long as those formal procedures are not too significant, our employees would prefer to be given clear detail on what they should do.'* (Mr. T)

#### **3.4.4. Employees' willingness to speak up**

The majority of the participants affirmed that freedom of speech is promoted in their organizations. Mr. S confirmed that employees' in his company are always encouraged to come forward, challenge the status quo, and speak up if they have ideas which they think will benefit the company and its shareholders. In addition, according to Mrs. H, several surveys and research are conducted frequently throughout the year to evaluate the employees' satisfaction with their jobs. Through these research, as well as through personal meetings and conversations with the managers, employees are able and to give feedbacks on current practices in the company. They are also encouraged to propose suggestions for better improvement of the organizational operation. The approved suggestion might also result in



rewards and promotion, which creates an incentive for employees to contribute. Mr. T also provided his observation and opinion of this topic:

*‘Our employees certainly have the rights to voice their requests or any suggestions to the managers or the Board of Director. We, you know, we, as the top-levels in the power hierarchy, will take into consideration those requests. But I must say that, for example, a suggestion from an employee will go through a long way before it reaches the CEO or the Board of Directors (BOD), since there are many middle-level managers in between such as team leader, department manager, etc. In this case, the middle level’s job is to ensure that the suggestion is worth to take into consideration. Once it [the suggestion] reaches the top levels, it is likely that it will be accepted because it has gone through couples of approvals from lower level managers.’ (Mr. T)*

Concerning the national culture, according to Mr. T, there are certain reasons which make it not yet common for Vietnamese employees to freely raise their voice and contribute ideas in the workplace. For example, some employees might not have the same vision of the business paths that the company should take as the leaders, so they could automatically leave all the decisions to the leaders instead of spending effort to come up with their own solution. Another major reason would be the under or overestimation of the employees’ rights. An employee might abuse his or her right to make constant illegitimate demands to the BOD. In those cases, the employee is most likely to shut down as it is a waste of time for the BOD and a waste of resource of the company. Some people, on the other hand, may only care for their personal benefits such as salaries and wages, or their own satisfaction and welfare. They tend to regard decision-making as the responsibility of their managers or leaders. Nonetheless, he does believe that the culture and the society is always changing toward better improvements. In that scenario, everyone is expected to be aware of and to get a better understanding of their responsibilities as well as their legal rights.

For Mrs. L, as the relationship between managers and employees in her company are fairly close and informal, everybody is likely to speak up and contribute idea regardless of his or her position. This can effectively enhance the performance of the whole company as more knowledge is contributed by individuals. However, Mrs. L

confessed that this can cause also unfavorable consequences in certain situations. For example, too many feedbacks or suggestions from employees would take managers longer time to consider and process. Moreover, it is certainly that not all the voice of employees are highly valuable and worth for the company to take into consideration. When the manager turns down one request from an employee, reasonable justifications for the rejection must be provided. In the worst scenario that the employee refuses to be convince that his or her idea is insignificant and unhelpful, that employee might misunderstand the manager as being discriminated or not taking him or her into account. This might cause eventually serious conflicts among different levels within the organization, which would create unhealthy working environment. 'There are always two sides of the story', Mrs. L concluded, 'So the leaders must pay great attention during the management of the company'.

However, there are certain disadvantages of a flat power hierarchy that should be acknowledged. According to Mrs. L, while the company can greatly make use of their employees' diverse ideas and perspective, conflicts might occur as individuals are overly protective of their opinions. In such cases, it is the responsibility of the Human Resources department to resolve the conflict, and the high-level managers should provide an objective evaluation of the alternatives contributed by the employees in order to come up with the best solution.

#### **3.4.5. Innovation and Creativity**

The participants provided diverse opinions on methods to foster innovation and creativity in organization. More specifically, Mr. T believed that employees can be motivated to be innovative through three mechanisms: Responsibility, Reward, and Passion. Firstly, he claimed that as everybody in the company shares the same common goal, responsibilities are highly valued. Those who fail to commit will have personal meetings with their managers or with the Board of Directors and might even be fired in severe cases. Secondly, many rewards are given for group achievements. Nevertheless, his company also promotes individual rewards for employees and managers to perform creativity, which would eventually increase efficiency. Lastly, passion already speaks for itself – creativity and innovativeness naturally come to passionate individuals. From another perspective, Mrs. H promoted the incentive for

creativity through effective and efficient leadership from the Chief Executive Officer and the heads of each department or function. In addition, employees can also be motivated through annual rewards as well as compensation for their contribution to the company's performance.

Mr. S, on the other hand, spent enormous effort on designing the innovative-motivating system. His company, which he considered to be highly risk-averse, promotes long-term orientation and seek for the optimal strategy that can serve for a long period of time (about 30 to 50 years). Therefore, the decision-making process should be extremely elaborate, which might slow down the operation and thus prevent the company from grasping opportunities. This is due to the large size of his company, as every decision and investment can deplete a great deal of resource. Mr. S also acknowledged that although it might be difficult and take a long time, his company should pursue more short-term and flexible strategy to compete with other firms in the market. Regarding the consequences of power hierarchy, Mr. S admitted that excessive level of formal procedure would tend to strangle innovation. However, the issue causes a dilemma since the lack of procedures would results in chaos and confusion among the employees.

Concerning the risk aversion, Mrs. L believed that education is one of the most important elements of creativity enhancement and risk prevention. Employees should be thoroughly and conscientiously trained to perform their tasks by their own employers so that they can develop self-confidence as well as the ability to demonstrate precise business acumen. In fact, her Human Resources department has organized several training and tutoring programs, which results in an increase amount of creative performance in the company.

Furthermore, both Mr. T and Mrs. H agreed that the power hierarchy can indeed affect innovative performance in the company. More specifically, overly strict discipline and unequal power distribution might hinder employees' creative development as they have to confront with the organizational regulations. Nevertheless, a decent level of administration, or bureaucracy, is still crucial to maintain the order and avoid chaos. Otherwise, it would be difficult to properly manage the business as well as its employees. Having the same point of view, Mr. S

claimed that his company's policymakers and leaders have recently increase the authority given to each member of the firm by five times (For example, as he explained, if the previous authority for a decision was \$100K, it would now be \$500K). By this approach, the BOD hopes that employees will have more ability to make important decisions, since more authority would likely to empower people to take more risk using their acumen and judgment.

Mrs. L, on the other hand, suggested that maintaining a fair amount of control over the employees will help prevent potential conflicts and thus create a healthier workplace. She admitted that the power hierarchy can have significant impact on employees' satisfaction, which associated with their creativity. However, whether the impact if positive or negative depends on the leadership style and the specific characteristic of each specific organization.

#### **3.4.6. Cultural influences**

All of the participants acknowledge the significant influence of cultural factors on their perception toward bureaucracy, their leadership style, as well as their organizational culture. More specifically, Mr. T and Mrs. H consider themselves and their company to be greatly affected by Vietnamese and Japanese cultures. Every member in the organization highly value self-image and promote face-saving practices. Respect is also appreciated as in general, employees of lower level are expected to have good manner with their bosses. Although it is true that employees have their own rights to speak up, they might refuse to do so as they believed that raising their voice and opposing their managers would imply a disrespectful behavior. Thus, their personal comments or proposals will usually be given during a private meeting with their managers. By this way, the manager would not lose his or her face if, for example, he or she receives criticisms from the employees.

Working at a multinational corporation, Mr. S admitted that the organizational culture varies tremendously among different countries with different cultural characteristics. More particularly, in subsidiaries in Western countries, the power gap is fairly ambiguous and employees seem to have more democracy in the workplace. Furthermore, individualism, in the sense of individual rewards and personal

motivation, is promoted. However, collectivism also presents as everyone working in the company is expected to pursue the common objectives of the whole organization. On the other hand, for Asian branches of the company, for example the subsidiary in Vietnam, power and authority tend to be distributed more unequally with apparent power gap. In addition, as mentioned above, regarding the nature of different functions in each subsidiary, the level of power hierarchy, individualism and collectivism should also be adjusted. This differentiation, Mr. S explained, is to satisfy the characteristics of employees in different countries and with different departments. Therefore, specific adjustments of the regulations and the norms are needed to make best use of the human resources and attain the optimal outcomes. For instance, while the culture of face-saving and showing respect is common in Vietnam, Western workplaces generally require more politeness and professional manners among the staffs.

However, the cultural identity of the leaders themselves rarely have significant impact on their leadership style. In fact, according to Mr. S, managers usually adopt themselves to the existing cultural practice prevailing among the workforce, which is greatly associated with the nature of the business itself, as well as with the national culture in the country that the company is operated. This is partly the reason why multinational companies tend to establish different organizational culture in different subsidiaries and branches.

Also being influenced largely by Western cultures, Mrs. L claimed that for multinational corporations, which national culture that the organizational culture reflects depends on the employees themselves. For example, if the employees are mostly Vietnamese, they are likely to adopt a Vietnamese culture in the workplace (e.g. high power distance, high appreciation of building relationship, etc.). However, if there is great diversity in the nationality of the staffs, a common culture (that is considered acceptable by the employees) will be structured naturally when people from different culture work together. Therefore, according to Mrs. L, Human Resources managers must pay careful attention to the employees in order to ensure their well-beings, which eventually boost their performance.

### 3.4.7. Summary

The in-depth qualitative interviews have provided significant insights on the evaluation of the relationship between power hierarchy and creativity in the workplace. In order to facilitate further analysis, the table below briefly summarized the data collected from the participants for better comparison. The first four items (*Cultural influence, Individualism vs. Collectivism, Level of Power Distance, and Level of Power Hierarchy*) of the table represent the characteristics of the participants or of their organizations (which is considered as independent variables). The other five items (*Support for power hierarchy and bureaucracy, Employees' democratic expectation, Employees' willingness to speak up, Promotion of innovation and creativity, and Acknowledgement of power hierarchy's impact on innovativeness*) summarize the participants' experience or viewpoint of the subject. The "X" symbol represents an approval or support, while the '-' implies opposition.

	Participant 1 (Mr. T)	Participant 2 (Mrs. H)	Participant 3 (Mrs. L)	Participant 4 (Mr. S)
1. Cultural influence	Eastern (Vietnam)	Eastern (Japanese)	Western	Western
2. Individualism vs. Collectivism	Collectivism	Collectivism	Individualism	Collectivism
3. Level of Power Distance	High	High	Low	High
4. Level of power hierarchy (Steep vs. Flat)	Steep	Steep	Flat	Steep
5. Support for power hierarchy and bureaucracy	X	X	-	Neutral
6. Employees' democratic expectation	-	X	X	X
7. Employees' willingness to speak	X (allowed but	X (allowed but	X	X

up	not highly encouraged)	not highly encouraged)		
8. Promotion of innovation and creativity	Responsibility, Rewards, and Passion	Effective and efficient leadership, Rewards	Training and Mentoring Programs	Well-designed motivating systems
9. Acknowledgement of power hierarchy's impact on innovativeness	X	X	X	X

*Table 1. Summary of the data gathered from the qualitative interview.*

From these qualitative data, several findings relating to the relationship between power hierarchy in employees' innovative performance in Vietnam will be presented and discussed in the next section.

#### **4. FINDINGS**

This chapter aims to identify significant findings based on the empirical results of the in-depth interviews examined in the previous section. However, regarding the limited number of participants engaged in this research, the insights developed can only serve as an initial effort to tackle the problem.

The findings described in this chapter are expected to either support for or oppose against the three hypotheses proposed at the beginning of this thesis. In addition, sufficient explanation using the results from the interview will be provided to support the findings stated. Afterwards, the unexpected insights generated by the participants, which are believed to further enhance the understanding of the topics being discussed, are also taken into consideration.

#### **4.1. National culture as a key determinant of the presence of organizational power hierarchy (Research Question 1 and Hypothesis 1)**

According to the qualitative answers gathered from the interviews, national cultural factors, especially the level of power distance, tend to have impact on organizational cultures in Vietnam, which eventually influences the presence of power hierarchy in organizations. This argument is supported by most of the participants, regardless of the differences in their cultural influences. This might be due to the fact that national culture is greatly attached to the mindset of Vietnam people and have direct impact on their behaviors in daily life.

During the interview, the participants claimed that it is difficult to change the practices among the employees since it is directly associated with their mindsets. In fact, the managers believed that it is the leaders' responsibility to adopt with their employees' characteristics and cultural values, instead of demanding employees to comply with the leaders' own principles. Based on the participants' experience, several companies have made efforts to maintain the same organizational culture in different subsidiaries. However, many of these attempts results in failure and might eventually cause harmful effect on employees' commitment and satisfaction. Although the same organizational culture can be adopted in different countries with different cultures, adjustments might be required in order to promote the most effective performances and healthy working environment. Thus, leaders tend to take into account the employees' personal and cultural characteristics, evaluate their strengths and weaknesses to apply the most suitable management style.

In addition, some Confucianism aspects are also believed to be one of the attributes that influence the structure of organizational power hierarchy. For instance, in accordance with the practice of respecting others, building relationship and saving faces, power hierarchies is adopted in Mr. T and Mrs. H's organizations to maintain the order among people in the company. In addition to power distance, the level of collectivism - being influenced by Vietnamese culture - is also presented in the workplace. Since Confucian philosophy puts great importance on the group harmony and on the benefit of the whole group, companies also encourage good will in employee's interrelationships. In fact, in most of the four cases, the managers greatly emphasized their high priority for the company's benefits (as opposed to personal



interest). Generally, it is likely that everyone cooperates and strives for the common goal of the firm. While individual benefits might also be a great motivation (in the case of Mrs. L), the benefit of the firm as the whole is still always appreciated.

For the reasons presented above, hypothesis 1, which concerns the relationship between cultural factors and power hierarchy, is partly supported. Nonetheless, the level of employees' expectation for democracy tend to have very little direct influences on the hierarchy of power in organizations, which makes part of the Hypothesis 1 invalid. According to the participants' opinion, in most of the cases, one would prefer to have sufficient level of democracy that would provide him or her the freedom and self-management over the work. In other words, regardless of the level of these expectation, power hierarchy still exists, depending on other factors discussed previously (including power distance, collectivistic vs. individualistic orientation, and other cultural factors). However, if the expectation for a democratic environment becomes significantly enormous, it would cause dissatisfaction among the employees when the expectation is not fulfilled. In that scenario, the top-level managers should consider giving employees more control and authority in their work; otherwise, problems and conflicts might occur and result in unfavorable consequences.

#### **4.2. The steepness of power hierarchy and employees' speaking up behaviors (Hypothesis 2)**

Based on the data gathered from the in-depth qualitative interviews with the managers, Hypothesis 2 is moderately supported. The steepness of the power hierarchy seems to have negative relationship with the voicing behavior of the employees. More particularly, the steeper the organizational hierarchy of power is, the more willing employees are to raise their voice and contribute their idea. This finding is drawn based on several insights, which are presented in the following paragraphs.

On one hand, participants who claimed that their companies have steep power hierarchy (Mr. T, Mrs. H and Mr. S) also confirmed that employees' willingness to speak up is not considered one of the most important factor to pay attention to. This

might be due to the fact that steep hierarchy of power is usually associated with more complex and sophisticated organizational internal structure. Due to this complexity, although the company's policies do encourage people to raise their voice at work, it is difficult and troublesome for an opinion to be transferred from the lowest level of the hierarchy (e.g. workers) to the top (e.g. the Board of Directors). In fact, only the significantly valuable ideas will be received and approved by the high-level managers, which might discourage employees to speak up. Furthermore, as steep hierarchies are usually associated with high power distance context, people may tend to rely on the top-level positions to make macro-decisions. From the employees' perspective, they might not prefer to spend effort on brainstorming significant decisions such as managerial strategies. Instead, some employees consider their responsibility to only be within the range of their daily tasks.

On the other hand, employees have the tendency to be more willing to raise their voice under a relatively flat power hierarchy (the case of Mrs. L). As the flat hierarchy implies less apparent power gap, it makes the relationships between subordinates and superiors closer and, in some cases, more informal. Furthermore, the 'whistleblowers' who are willing to speak up or report inappropriate incidents (Rothschild, 2000:200), as discussed in the Literature Review section, will be provided with better support and protection under the flat power hierarchy. Therefore, people would develop more incentive to share their own opinions and to contribute during the decision-making process. Even if the idea is in conflict with that of the superior, employees would feel more secured and would not be worried about possible unwanted consequences if they speak up.

The flat power hierarchy is also believed to promote more effective and efficient business performances as the employees can directly and actively participate in the process of brainstorming and decision-making. By making use of different perspective, the most favorable outcome is expected to be achieved. However, excessive flatness of hierarchy might result in chaos and cause managers to lose their control over the employees, which has considerably negative effect on management.

#### **4.3. Eastern vs. Western orientation and the promotion of creativity using power hierarchy (Hypothesis 3)**

From the perspectives of the participants, it is true that different cultural influences (e.g. Western and Eastern cultural orientation) might affect the level of creativity and innovativeness among the employees. Therefore, based on the insights collected from the interviews, hypothesis 3 can be supported under certain conditions. Firstly, this paper assumes that Western culture tend to have low power distance low uncertainty avoidance level, and individualistic orientation. On the other hand, Eastern-oriented culture is believed to be associated with high power distance, high uncertainty avoidance and collectivistic environment. Secondly, hypothesis 3 is only supported with the condition that leadership style is affected by national culture, or the common culture among the employees. As mentioned earlier, the results of the qualitative interviews imply that organizational culture is greatly associated with national culture, or the shared culture among the employees. The cultural identity of the leader, nonetheless, may not have influence since they tend to adopt to the cultural practices existing in the working environment, which are mostly created by the staff members.

As discussed in the previous sections, power hierarchy, when put in the context of Western culture, might appear to be flatter with less apparent power gap. This would be likely to allow employees to have more control and authority in problem-solving process, which eventually encourage innovations and creativity. Nonetheless, it should be acknowledged that as the consequence of the vague power gap, it is possible for conflicts and arguments to take place during discussion and meetings. In such cases, it is the responsibility of the Human Resources department or the higher-level managers to resolve the conflict among staff members. Furthermore, managers should give employees equal opportunity to contribute and provide objective evaluation of different approaches before reaching the final solution.

In Eastern culture, however, the hierarchy of power can be steeper in consistence with the cultural characteristic of high power distance and Confucianism values. As the result, innovative employees might face with more difficulty as formalized procedures, regulations and limited authority might prevent them from being creative. The participants also argued that while certain level of hierarchy should be presented

to maintain the organizational order, managers should provide employees with appropriate flexibility and control over their work. This will greatly promote employees' performance and motivation, which eventually facilitate organizational productivity.

#### **4.4. The promotion of innovative performance in organizations in Vietnam and the influence of power hierarchy (Research Question 2 and 3)**

In general, the majority of the participants claimed that they mainly use reward systems as an incentive for employees to contribute their creativity. While collectivism seems to be prevailing in most of the cases, both personal and group-based rewards are promoted. While personal rewards are widely acknowledged as effective motivation to foster creativity among employees, team-reward motivation system is developed in accordance with the characteristic of collectivism prevailing among Vietnamese employees. Group rewards also help enhance group harmony and promote healthy interrelationship among staff members, which is greatly valued in Confucian philosophy. On the other hand, one of the participants (Mr. T) also considered personal characteristics of the employees to be an important intrinsic factor that promotes creativity and innovation. These personal traits are believed to have positive effect on employees' perception of their own responsibility and passion for their jobs. As long as employees have self-awareness of these factors, they are expected to motivate themselves and contribute more creative performance, which eventually results in better productivity.

Furthermore, in order to develop effective management system, appropriate leadership and supervision style are required. Leadership and management, however, strongly determine the presence of power hierarchy. Based on the viewpoint of participants in this research, this is also another determinant that has considerable impact on employees' creativity. Particularly, leaders who are inspiring and supportive tend to be able to better promote innovative performance among employees and thus enhance productivity. These leaders are expected to be able to give their employees an appropriate amount of instruction to ensure the comprehensive understanding of the employees' role and responsibility in the

companies. However, certain control and flexibility are also provided to encourage innovative performances.

In addition, the contingency theory discussed in the Literature Review section is supported by the participants. According to Mr. S (Participant 4), without consideration of other organizational characteristics, the impact of power hierarchy should not be concluded generally as supportive or harmful to creativity. More specifically, the design of cultural practices in the workplace should take into consideration not only the national culture but also the nature of each department or business. In other words, the appropriate level of power hierarchy in organizations depends on the necessity of creativity in operation. For businesses with repetitive tasks that require technical accuracy (for example manufacturing companies, according to the participant), formalized procedures, strict control and a relatively steep power hierarchy would enhance effective performance and avoid operating errors. However, for organizations that favor diverse approaches to problem-solving process, decentralized power distribution is likely to encourage creative thinking among employees.

#### **4.5.Unexpected findings – The influences of national culture, business uniqueness, and globalization**

Several unanticipated findings have emerged in the process of data analysis. Firstly, as previously mentioned, based on the insights gathered from the participants, employees' national culture, instead of the leader's cultural identity, plays a key role in determining the organizational culture. This is due to the assumption that most of the cultural values of employees are consistent with the culture adopted in their home country. In other words, the mindset of the employees is greatly affected by the environment they are most exposed to. National culture, therefore, plays a remarkable role in determining the values and beliefs of the people within the country, the characteristics of each individual, and thus their behaviors and practices. Taking into account this insight, managers tend to adjust their leadership style to be harmonious with their employees' practices and beliefs.

Apart from the factors related to national culture, the participants also believed that cross-cultural approaches are increasingly taking place in organizational management to facilitate knowledge enhancement and active learning in the workplace, especially with the increasingly developed globalization in the business world. Regarding internal structure, cross-cultural approach would help managers more effectively monitor their employees and avoid possible conflicts arising among workers from different culture. Thus, the strengths and weaknesses of employees will be identified and best utilized to achieve the favorable outcome. This approach is of great importance for multinational or international companies, since these firms are expected to recruited employees from all over the world.

On the other hand, in term of external relationship, cross-cultural study would also facilitate companies to build partnerships and to cooperate with other foreign firms more easily. A business that has the ability to flexibly adjust to different cultures would also enhance the professional image and reputation of the company in the industry. As globalization has become increasingly popular, cross-cultural approach can be considered to be greatly vital in the management and operation of the company.

#### 4.6. Summary

The five subsections above have provided findings that solve the research questions and examined the hypotheses stated at the beginning of this paper. For better understanding and comparison, the table below serves as a brief summary of the findings which are necessary to evaluate the hypotheses, together with additional explanation for each statement.

<i><b>Hypothesis</b></i>	<i><b>Supported or Rejected</b></i>	<i><b>Additional explanation</b></i>
<b>Hypothesis 1.</b> <i>Cultural factors, including Confucianism philosophy, the high level of</i>	Partly supported	(1) Managers tend to adopt their leadership style to be in harmony with the culture existing among their

<i>power distance, and the level of expectation for democracy, have an influence on the presence of power hierarchy in Vietnamese organizations.</i>		<p>employees. Thus, the design of power hierarchy is also greatly influenced.</p> <p>(2) Employees' expectation for democracy might not have significant influences since there are always certain level of democratic expectation among the employees.</p>
<b>Hypothesis 2.</b> <i>Steeper power hierarchies tend to result in employees' lower willingness to speak up and contribute. On the other hand, in organizations with flatter power hierarchies, employees are more willing to voice their thought during the decision-making process.</i>	Supported	Steep hierarchy implies clear power gap, which might discourage employees to raise their voice due to potential undesired consequences. In the case of flat power hierarchy, the opposite result is expected.
<b>Hypothesis 3.</b> <i>Organizations influenced by Western leadership are more likely to enhance innovativeness using power hierarchy, whereas in organizations influenced by Eastern leadership, creativity and innovative performance tend to be hindered by power hierarchy.</i>	Supported with assumption and condition	<p>(1) Assumption: Western culture is associated with low power distance, while Eastern culture tend to have higher level of power gap.</p> <p>(2) Condition: the leadership style is affected by national culture, not the culture of the managers themselves.</p> <p>(3) Flat power hierarchy might provide employees with more flexibility and control over work to boost productivity, which</p>

		encourages creativity. On the other hand, steep hierarchy can hinder innovative performances with strict policies and procedures.
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*Table 2. Summary of the findings as related to the three hypotheses.*

## 5. DISCUSSION

Based on the findings presented in the previous section, this chapter serves to demonstrate a better understanding of the topics, as well as related discussion by other scholars in previous studies. Moreover, using the arguments made by other scholars in previous literature, additional explanation to support the findings above will be provided. Certain comparison of different perspectives will also be made where necessary.

### **5.1.The impact of national culture on the organizational culture and the presence of power hierarchy**

As explained in the last chapter, the result of this research has proved that cultural factors can have certain influences on the use of power hierarchy in companies. More specifically, national culture is believed to create significant impacts on the human resources management of an organization. This insight is consistent with the arguments developed by a great number of scholars in previous literature.

In fact, organizations are regarded as ‘a social system of a different nature from that of a nation, if only because the organization’s members usually did not grow up in it’ (Hofstede et al., 2010:47). As employees are also part of their geographical society, they are greatly affected by their national cultures, or the cultural norms and practices prevailing in their regions (Blunt et al., 1997). Therefore, an organizational culture that satisfies employees’ cultural values would provide them with favorable conditions to enhance their performance and self-development.

More specifically, organizational culture is believed to be structured through shared practices, beliefs and values among the members in the organizational society



(Hofstede et al., 2010; Deshpandé & Webster, 1989, Dumitrescu, 2012). From this perspective, the national culture must be taken into account as it determines employees' expectation of their company and the practices prevailing in the workplace. Nonetheless, national culture should be distinctively distinguished with organizational culture. According to Dumitrescu, national culture associates with the common beliefs and unconditional relationships among people within a society, while organizational culture refers to the common behaviors and conditional relationship among members recruited in a company (2012).

Admittedly, several characteristics from the national culture are well-adopted in the workplace, including individual orientation (as opposed to group orientation), level of risk aversion and the tendency to be innovative in performance. In addition, studying the organizations in cultures with high level of power distance, Joiner (2001) claimed that members in these firms tend to be more acceptable toward power inequality, and the relationship between superiors and subordinates greatly reflects the appreciation of respect for authority. Furthermore, the involvement of employees in decision-making process is fairly not encouraged, depending on the level of power gap existing. In fact, research has shown that employees' involvement in the decision-making process might cause unfavorable image of the leader, which eventually results in confusion and anxiety (Child, 1981). Some employees might also perceive decentralization as more responsibility for themselves, which causes pressure and dissatisfaction (Joiner, 2001). As people develop high level of tolerance toward power inequality, they highly rely on, or even expect for, formalization and centralized power hierarchies in the workplace. Again, this expectation finds its roots in the high level of power distance existing in the society.

## **5.2. The level of power hierarchy and its impact on employees' willingness to speak up**

Regarding the relationship between power hierarchy and employees' voicing behaviors, it is believed that the steep level of the hierarchy might result in the discouragement of employees' willing to speak up, and vice versa (i.e. flatter structure can give incentive for employees to contribute more actively). This insight is in the same direction with what Brockner et al. (2001) supported in their study. More

specifically, their research paper, based on four comprehensive study cases, supported the argument that employees' willingness to voice is more prevalent among organizations with low power distance or flat power hierarchy. Having reached this conclusion, the authors have conducted both cross-cultural and single-culture analyses, which makes the findings more reliable (Brockner et al., 2001).

In fact, several scholars have previously raised concern over the issue of employees' attempt to speak up (Gordon, 2004; Edmondson et al., 2001, Zyphur & Islam, 2005). The rationales of the issue could be the fact that employees might perceive the costs of voicing to outweigh the benefits (Milliken, 2003), or the managers (who are assumed to have greater power) might pay little attention to employees' voice as they find some of the employees' opinions distracting, non-valuable, and time-consuming (Keltner et al. 2000). According to previous studies, leadership style can greatly influence employee's voice, either directly or indirectly through the leader's interaction with his or her subordinates (Detert & Treviño, 2010). In addition, employees' satisfaction, which is associated with the distribution of power among different positions in the company, is also believed to have significant impact on their voice behavior (Rusbult et al., 1988; Hecht & LaFrance, 1998). More specifically, various studies imply that people tend to be reluctant to raise contradict opinion with their boss as they want to avoid unfavorable consequences (Milgram, 1983).

### **5.3. Western and Eastern influences and the impact on employees' creativity and innovativeness**

As stated previously, this paper implies that the cultural traits play a significant role in determining the enhancement of creativity in the workplace. More specifically, while Western cultural orientation, which is likely to be associated with a flat power hierarchy, might more actively promote creative thinking process, Eastern-oriented organizations can impede creative development among employees. The study of developing creativity in the organizational and cross-cultural context has been a major topic among scholars. In fact, the determinants of cultural characteristics identified in this paper are closely coherent with those examined in previous research. Leung et al. (2004) has done a wide range research on the literature about these factors and categorized the cultural characteristics into three levels: individuals

(autonomy, high level of tolerance for ambiguity, and the level of risk-taking), interpersonal (leadership style, communication, and interrelationship), and organizational (hierarchy of authority, strictness of policies and procedures, formalization).

In fact, research has demonstrated that some characteristic of Eastern culture might cause challenges that impede creative thinking development, including child rearing practices, individuals' personality in different culture, and educational values. Studying specifically about Eastern cultural influences on creativity and innovation, Ng (2001) claimed that the collectivism and social order prevailing in most of Asian cultures might inhibits the enhancement of innovative performance in organizations. The author also provided a framework to support his argument, which is presented in Figure 2. However, regarding the insights gathered from the interviews in this study, the frame work by Ng seems to be overly extreme and might no longer be applicable to the current situation in Vietnam. As admitted by Mr. T (Participant 1), this might be due to the fact that the business world is developing rapidly toward a better outcome, which requires companies to also adopt their operation and management accordingly. A combination between Eastern and Western culture is also presently more favorable, especially in multinational organizations, which support the cross-cultural approach mentioned in previous section.

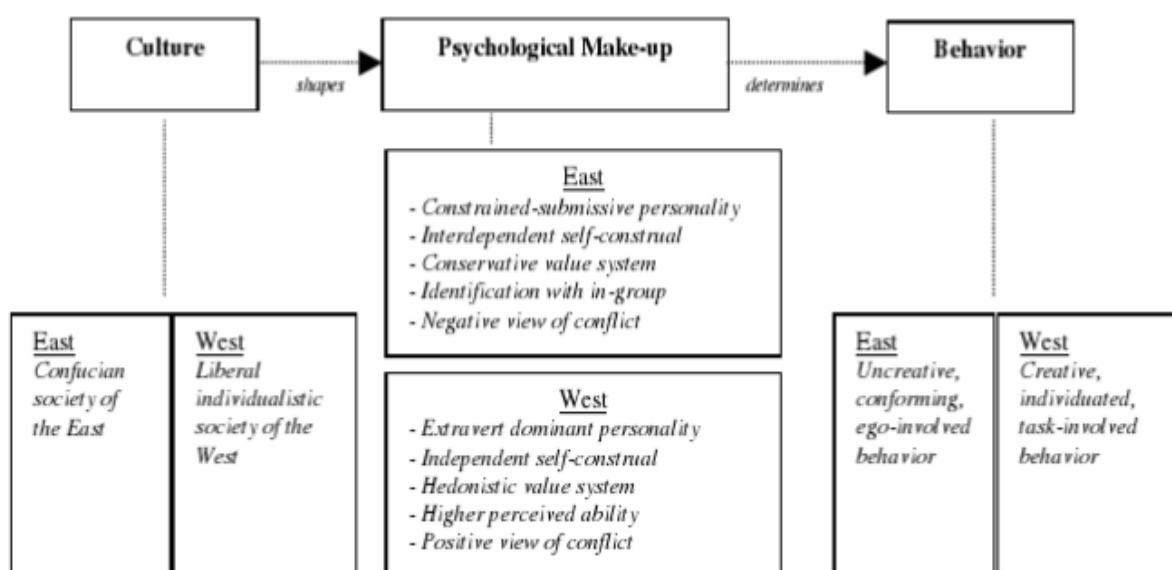


Figure 3. The relationship between culture and creative behavior (Ng, 2001).

However, regarding the different perceptions of creativity between the East and the West (Niu & Sternberd, 2002; Tan, 2015; Leung et al., 2004), it is relatively difficult to accurately evaluate the encouragement of creative performance in each culture using the power hierarchy. More particular, Weiner, in his paper on the cultural definition of creativity, claimed that variety and diversity in viewpoints are strongly encouraged and rewarded in Western cultures, especially in the United States of America (2000). On the other hand, in the study on Asian in general and China in particular by Rudowicz & Yue, it is implied that creativity and innovative behaviors are not necessarily considered important for the Chinese since their culture does not greatly value divergent and original ideas (2000).

#### **5.4. The enhancement of organizational creativity and innovation in Vietnam**

As there are very limited literatures that specifically study the impact of organizational power hierarchy on creativity in Vietnam, the insights gathered from the in-depth qualitative interviews serve as the main source for the findings in this section. The findings, however, are in great consistence with previous research conducted by other scholars.

More specifically, as supported in several studies, the personal interests, passion, and perception of responsibility of an individual might themselves be the motivation for one's commitment and creative contribution (Barron & Harrington, 1981; Martindale, 1989). Together with sufficient support and encouragement from the management system, employees can remarkably utilize their intrinsic motivation and engage more actively in creative and innovative performances (Shalley, 1991; Oldham & Cummings, 1996). While group motivation also serves as a helpful tool to foster innovative behaviors, it is argued that Asian employees tend to consider creativity, instead of the divergent and new ideas, as the activities that help to gain support from the higher level of the power hierarchy (Shane et al., 1995).

In addition, a great number of papers also support the argument that leadership style has direct influences on the enhancement of creativity and innovation. More specifically, when the managers show great attention to their employees' concerns

and opinions, the employees will be highly facilitated in their self-development process, which is positively associated with the level of creativity. In contrast, supervisors with strict control and inflexibility (which might result in steeper hierarchies) might discourage employees' creative thinking development as the practice, behavior, and performance of the employees are likely to be strictly monitored (Deci et al., 1989; Deci & Ryan, 1985).

Moreover, the findings of this paper also suggest the influence of the Contingency Theory. Widely studied in the stream of literature, the theory implies that the design of appropriate management structure should be greatly dependent on the specific characteristics of each organization (Tosi & Slocum, 1984; Lawrence & Lorsch, 1967). In fact, an ideal organizational culture that can be effectively applied to any organization is believed to not exist. Leaders and managers should carefully develop specific organizational structures that would best exploit the company's strength and overcome weaknesses. Therefore, it is considered difficult to clearly identify the most effective method to foster creativity in organizational contexts. Due to the uniqueness in the characteristics, requirements, and objectives of each business (or each department in the business) specific management systems should be designed and adjusted regularly to make best use of the human resources and promote the most favorable productivity.

### **5.5. Globalization and the importance of cross-cultural approaches**

According to the findings of this research, cross-cultural perspective is proved to have significant contribution to the management systems in general and to the effort to promote organizational creativity in particular. This finding has supported previous scholars' vision of a scenario where the distinctive cultural differences between Eastern and Western workplaces no longer exist (Chen & Miller, 2010; Sørderberg & Nigel Holden, 2002). Due to globalization, it is more common for companies to develop internationally in the global market. Therefore, in order to avoid the potential conflicts arising from the interaction of people from different cultures, more companies tend to consider developing their organizational culture toward a combination of both Eastern and Western cultural paradigms. In fact, the suggestion of using the strengths in one culture to overcome the weaknesses in the other has

been proposed in various studies (Chen & Miller, 2010; Cappelli et al. 2010). However, it must be acknowledged that this process of cultural shifting, if supported and implemented, is challenging and requires long-term supervision (Bruton et al., 2008).

## **6. CONCLUSIONS**

### **6.1. Main findings of the study**

This thesis seeks to study the power hierarchy (which serves as an independent variable) and its impact on the level of creativity among employees (which serves as dependent variable) in Vietnam. In addition, the paper examines several factors including cultural influences (independent variable) and employees' willingness to raise their voice (intermediate variable).

The findings in this thesis have provided an initial effort to study the relationship between power hierarchy and creativity in organizations. Due to the limited-scale qualitative methodology, there has not been sufficient evidence to fully support any argument. Nonetheless, the findings can partly answer the three research questions addressed in the beginning, which help to identify certain impacts of hierarchy on innovative performance in the workplace.

Firstly, this paper implies that national culture tends to have certain influence on the structure of organizational culture. Managers seem to adopt their leadership style in consistence with the characteristics and cultural practices prevailing among the employees, or the national culture of the host country. Confucianism philosophy, according to the insights from the study, might also be a cultural determinant as it heavily affects the Vietnamese culture. In addition, the research results also demonstrate that Eastern-oriented leadership style can impede the development of creativity, while Western-orientation might give employees more flexibility to be innovative. However, it is important to emphasize that leadership style does not necessary associated with the leader's cultural identity.

Secondly, power hierarchy might also have an impact on employees' willingness to voice their thought. An overly steep hierarchy might discourage employees from

speaking up and contributing their opinion in decision-making process, while flatter hierarchy of power might imply opposite consequences. Furthermore, this study also found that the voice of employees has close relationship with their satisfaction, which eventually associated with the level of creativity in the workplace.

Thirdly, this thesis supports the argument that while leadership style does influence the presence of power hierarchy, the contingency theory can be applied to evaluate whether the impact is positive or negative. More particularly, the evidence found in this paper proves that there is hardly any ideal level of power hierarchy that can be established. In fact, the several factors should be taken into consideration, including the characteristics and cultural values of the employees, the nature of the business, and the national culture. The hierarchical structure might be able to foster innovativeness when it promotes strengths, overcomes weaknesses, and satisfies the expectations of the employees.

## **6.2. Practical Implications for International Business**

While the findings in this research could not establish highly reliable and solid conclusions the topic, they do successfully demonstrate several implications for innovation specialist, Vietnamese managers and entrepreneurs, as well as foreign companies that are operating or are having intention to operate in Vietnam.

More specifically, this paper suggests managers to maintain an adequate level of power hierarchy in Vietnamese workplace in order to most effectively foster creative development among employees. This ideal level of hierarchy, however, varies among different businesses and departments since each function has its own unique characteristics, which conform to specific management strategies. To design and apply the most suitable structure of power hierarchy, managers should carefully take into account employees' strengths, weaknesses and expectations. Certain formalization and disciplines are still needed to avoid chaos and confusion, which helps to guide employees toward the right direction. Nonetheless, overcontrolling of employees' practices and behaviors is believed to inhibit innovate performances. Therefore, a proper degree of authority and flexibility should also be given to employees as an indication of self-management and control over work.

In addition, experts in innovation and creativity field might find the insights generated in this thesis valuable. Studying mainly about creativity in the workplace, this paper greatly considers cultural aspect as an important determinant for the enhancement of innovation and creative thinking in the workplace. Therefore, this thesis may make contribution to the existing knowledge of organizational innovation, especially regarding its specific analysis of Vietnamese culture.

### **6.3. Limitations of the research**

Admittedly, there are several limitations to this paper, which might affect the precision of the findings provided. Firstly, the range of this research is somewhat small with very limited number of participants in the interviews. The participants were also not chosen arbitrarily but based on the personal network of the writer. Therefore, although each interview was carried out with great details, biases might still occur and distort the results. The findings of this research can only serve as the basis for further comprehensive studies. Secondly, the process of translating the interviews from Vietnamese to English for analysis might fail to completely convey the message due to the uniqueness of each specific language. Thirdly, the Literature Review of this paper only takes into account the materials written in English, which possibly overlooks valuable insights from the sources written in other languages. Fourthly, there is a relatively small number of reliable and official written materials on the impact of power hierarchy in Vietnam available for reference. Although this paper has used written sources on the East Asian cultural sphere as the foundation to study the Vietnamese culture, limitations still exists due to the uniqueness of each specific national culture. Some aspects of Vietnamese practices are distinctive and different from that of the East Asian cultural sphere. Any problem, especially cultural-related issues, should be carefully studied from various perspectives before reaching the final conclusions. Therefore, it might be difficult to comprehensively and accurately examine the issue in Vietnam based on this stream of literature. However, with the aim to serve as an initial effort, this thesis seems to have successfully provided an adequate foundation to untangle the problem from a generic approach.



#### **6.4. Suggestion for further research**

This paper represents an initial attempt to study the impact of power hierarchy on employees' innovation with a Vietnamese cultural context. Therefore, regarding further in-depth research effort, studies with a wider range of research should be conducted on this topic. A more reliable and bigger sample should also be employed to examine the actual impact of power hierarchy on creative performance among employees. More study on Vietnamese culture should also be conducted to better evaluate the impact of cultural factors on this problem. Moreover, regarding the rapid changes of the business world, there is always a need for up-to-date research. Also, while qualitative interview proves to be an effective and efficient method of research, future paper should consider other approaches such as quantitative survey or case study. In addition, more detail research questions should also be developed, based on the findings gathered in this thesis, to enhance further understanding of this topic.

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## APPENDIX

### Appendix 1: Interview Questionnaire (English version)

*Note: A few follow-up questions were asked during the interviews. However, they were not included in the following questionnaire as the additional questions are generally not significant and can greatly vary in each specific interview.*

#### 1. Opening:

The interviewer briefly introduces the purpose and the procedure of the interview, then asks the permission to record and to use the information solely for the purpose of this thesis.

#### 2. Questionnaire:

##### **a. General Information:**

- Could you provide some general information of your company? (e.g. type and size of business, internal structure, etc.)
- Do you consider yourself being influenced more by Eastern or Western culture? Which of these two cultures is your educational background influenced?
- Would you describe your organization as *individualistic orientation* (e.g. values individual needs and individual goals, employees usually work alone, promotes individual-based reward), or *collectivistic orientation* (e.g. values harmony with group, creates sense of belonging, considers hierarchy as important, promotes a great amount of teamwork, gives group-based rewards)?

*(For the following questions, the interviewees were asked to answer from their points of view.)*

##### **b. The presence of power hierarchy and democratic expectation:**

*Explanation to the interviewees: Power hierarchy can be understood as distribution of power between different positions in the company. For example, managers with more power in decision-making process can be considered to be at the top of the hierarchy, while employees with less power are at lower levels. The more unequal this distribution is, the steeper the hierarchy is.*

- How do you describe the level of power hierarchy in your organization (e.g. in terms of steepness)?
- Do your employees have high expectation for a democratic workplace? How?

**c. Bureaucracy:**

- In general, how would you evaluate the level of bureaucracy (*in terms of formal procedures and processes in the operation of the company*) in your organization?
- Some people believe that bureaucracy in the company is necessary since it provides guidelines and instructions of how to do things. Others think that bureaucracy might hinder an employee's ability to be creative and innovative. What is your opinion on this topic? What is the real effect of bureaucracy in your own organizations?
- How does the culture you are more influenced by (e.g. Eastern or Western) affect your perception toward the use of bureaucracy, and thus affect the impact of bureaucracy in your organization?

**d. The level of employees' willingness to speak up**

- Is it common for your employees to willingly raise their voice and contribute their opinions during meetings and directly affect the decision-making process? Why and Why not? If yes, can you give me some examples?

**e. Innovation and creativity among employees**

- How do your employees engage in innovative and creative performance? How do you motivate them to do so?
- Do you think the hierarchy of power can affect innovative performance in your company? In which way?

**3. Closing**

- If further questions are needed, can I contact you using the personal information you provided?
- Do you want to have access to this thesis when it is finished and approved?
- Do you have any question or specific request regarding my research paper?

Thank you very much for participating in this research. I wish you all the best and hope that your company will develop more successfully in the future.